

# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: APRIL 12, 2021**

**SUBJECT: DECLARE AS EXEMPT SURPLUS LAND PURSUANT TO ASSEMBLY BILL 1486: 1) APPROXIMATELY 129 ACRES OF CITY-OWNED VACANT LAND KNOWN AS THE FORMER RIVERSIDE GOLF CLUB LOCATED IN RIVERSIDE BEARING ASSESSOR'S PARCEL NUMBERS 206-070-002, 003 AND 246-060-011; 2) APPROXIMATELY 56 ACRES OF CITY-OWNED VACANT LAND KNOWN AS THE AB BROWN SPORTS COMPLEX LOCATED IN RIVERSIDE BEARING ASSESSOR'S PARCEL NUMBER 246-060-001; AND 3) APPROXIMATELY 227 ACRES OF CITY-OWNED VACANT LAND KNOWN AS PELLISSIER RANCH LOCATED IN COLTON BEARING ASSESSOR'S PARCEL NUMBERS 0275-051-19, 0277-011-26, 27, 0277-022-71, 73, 74, 75, AND 1167-021-24; AND APPROVE THE ISSUANCE OF A REQUEST FOR PROPOSALS SEEKING A MASTER DEVELOPER FOR THESE PROPERTIES TO FACILITATE THE DEVELOPMENT VISION OF THE NORTHSIDE SPECIFIC PLAN**

**ISSUES:**

Recommend that the City Council declare as exempt surplus land pursuant to Assembly Bill 1486 the following City-owned properties: 1) approximately 129 acres of vacant land known as the former Riverside Golf Club located in Riverside bearing Assessor Parcel Numbers 206-070-002, 003 and 246-060-011; 2) approximately 56 acres of vacant land known as the Ab Brown Sports Complex bearing Assessor's Parcel Number 246-060-001; and 3) approximately 227 acres of vacant land known as Pellissier Ranch located in the city of Colton bearing Assessor's Parcel Numbers 0275-51-19, 0277-011-26, 27, 0277-022-71, 73, 74, 75, and 1167-021-24, all except for necessary easements to retain current and future land use for water infrastructure facilities; and approve the issuance of a Request for Proposals seeking a Master Developer for these properties to facilitate the development vision of the Northside Specific Plan.

**RECOMMENDATIONS:**

That the Board of Public Utilities recommend the City Council:

1. Declare as exempt surplus land approximately 129 acres of City-owned vacant land known as the former Riverside Golf Club located in the City of Riverside bearing Assessor's Parcel Numbers 206-070-002, 003 and 246-060-011, except for necessary easements to retain current and future land use for water infrastructure facilities;
2. Declare as exempt surplus land approximately 56 acres of City-owned vacant land known as the Ab Brown Sport Complex located in the City of Riverside bearing Assessor's Parcel Number 246-060-001, except for necessary easements to retain current and future land use for water infrastructure facilities;
3. Declare as exempt surplus land approximately 227 acres of City-owned vacant land known as Pellissier Ranch located in the City of Colton bearing Assessor's Parcel Numbers 0275-51-19, 0277-011-26, 27, 0277-022-71, 73, 74, 75, and 1167-021-24, except for necessary easements to retain current and future land use for water infrastructure facilities; and

4. Approve the issuance of a Request for Proposals seeking a Master Developer for the former Riverside Golf Club, AB Brown Sports Complex, and Pellissier Ranch properties in the Northside Neighborhood to facilitate the development vision of the Northside Specific Plan.

**BACKGROUND:**

On November 17, 2020, the City Council adopted the Northside Specific Plan (NSP) by Resolution and certified a Final Program Environmental Impact Report. The NSP covers approximately 2,000 acres within the City of Riverside, the City of Colton, and the unincorporated County of Riverside. The NSP focuses on future development of both publicly and privately-owned properties and identifies future development potential to create a balanced community. The City of Colton does not have plans to independently process the NSP as it pertains to land within its jurisdiction.

The following aerial site map depicts the former Riverside Golf Club, Ab Brown Sports Complex and Pellissier Ranch properties that are owned by the City which collectively total approximately 412 acres.



On March 18, 2021, the Economic Development, Placemaking and Branding/Marketing Committee received a report on this item with a recommendation for the following actions: 1) Recommend the City Council and the Board of Public Utilities declare the Riverside Golf Club, Ab Brown Sports Complex, and Pellissier Ranch properties as “Exempt Surplus” pursuant to Assembly Bill 1486; and 2) Recommend that the City Council approve the issuance of a Request for Proposal (RFP) seeking a Master Developer for the former Riverside Golf Club, AB Brown Sports Complex, and Pellissier Ranch properties to facilitate the development vision of the Northside Specific Plan.

The Board of Public Utilities has adopted a Real Property Financial Management Policy. The stated purpose of that policy is as follows:

This Real Property Financial Management policy shall serve as a guide to the Board of Public Utilities to assist when carrying out their Charter prescribed duties. Here are the guiding principles.

- Maximization of ratepayer value guides all decisions
- Stewardship, which includes both acquisition, use, and disposition, shall be done in conformance with California law

Under the policy, property is classified into categories, according to use. Here are the classifications for the property referenced in this report:

1. Ab Brown: Required - In Use - Multi-Use
2. Riverside Golf Club: Required - In Use - Multi-Use
3. Pellissier Ranch: Approximately 11 acres, Required - In Use - Multi-Use; Remainder: Required - Future

“Required - In Use” properties are necessary for the production and delivery of water and power by RPU and/or associated with the operations and administration of RPU. “Required - Future” properties consist of any and all properties that may one day be used in the operations required of RPU by its mandate as a water and electric service provider or utilized in the fulfillment of RPU’s mission statement. Any change to these uses will require a reclassification of these property sites in the Real Property Financial Management Policy.

The benefits to the Public Utilities Department of surplusing this land relate to the generation of new revenue as well as cost avoidance for the department. New revenue from the sale or long-term land lease of the properties will benefit the department. Most of the land being considered is currently vacant unimproved land not generating revenue for the department. The avoidance of land/property maintenance costs in excess of \$200,000 per year will also be realized.

## **DISCUSSION:**

### **Riverside Golf Club**

On July 24, 1930, the City Council approved the acquisition of the property from John T. and Amelia A. Garner for \$10.00 which included Reid Park, the Ab Brown Sports Complex (Complex), and the former Riverside Golf Course to acquire water rights and well locations to serve the City. Since that time, development of the Riverside Golf Club for public use was allowed if it did not interfere with its primary use for water rights. The Riverside Golf Club site is approximately 129 acres and was originally controlled by Riverside Public Utilities. In 1959, the City leased the Riverside Golf Club site to Gordon Brunton for development and operation of the Springbrook Golf and Country Club. However, in September 2009, the golf club closed and the site has remained vacant since then.

On January 25, 2011, the City Council approved the former Redevelopment Agency paying \$4,837,500 to Riverside Public Utilities for 64 acres of the former Golf Club site and \$720,000 to Riverside Public Utilities for Reid Park to be controlled by the City’s Parks, Recreation and Community Services Department for a long-term use as a public park with the water rights associated with the property being retained by Riverside Public Utilities. As such, 54% of the former Riverside Golf Club site is now controlled by the City’s Parks, Recreation and Community Services Department and 46% of the site is controlled by Riverside Public Utilities. There are two existing, and active, potable water wells within this area. Water facility easements will need to be retained by the City for continued use of these facilities prior to any sale of the property.

On September 10, 2014, the City entered into a Joint Use Agreement with the Riverside Unified School District (RUSD) for the use of the Riverside Golf Club for community recreational, educational, and athletic purposes, which primarily includes cross-country running. On December 1, 2020, the City approved a Second Amendment to Joint Use Agreement with RUSD extending the term to November 30, 2021.

The Northside Specific Plan (NSP) rezoned approximately 41 acres of the southern portion of the Riverside

Golf Club site to Northside Village Center (NVC) and approximately 88 acres of the northerly portion of the site as Open Space, Parks & Trails (OS). The mixed uses allowed in the NVC zone include residential (approximately 1,200 units) and commercial (approximately 461,000 square feet) uses while the OS use allows for various recreational facilities and ancillary commercial uses that support the recreational uses, such as vendors. The NSP envisions the re-use of the former Riverside Golf Club with a variety of park uses, including playing fields, cross-country facilities, naturalized areas, and playgrounds for local residents. Open space corridors along the Springbrook Arroyo and the Santa Ana River will help to connect different neighborhoods within the Northside Neighborhood through a series of trails.

The former Riverside Golf Club represents an opportunity to create an open space area and establish a mixed-use village development with retail and residential development that is complemented with the reconstruction of the Springbrook Arroyo as a central feature. The NSP envisions restoring the Springbrook Arroyo to a natural channel that would serve as a key feature for future park facilities. A series of multi-purpose trails will follow the arroyo through the heart of Northside.

The Northside residents expressed a desire to develop local grocery and shopping options for residents, and to create a new “village center”. The local community envisions the Village Center as an active and walkable mixed-use environment, in which residents are able to enjoy local stores, services and civic gathering spaces, such as plazas and a small park within the Village Center. While the Village Center will focus on uses serving the Northside neighborhood, the vitality of its walkable streets, plazas, and park spaces will appeal to visitors from throughout Riverside, Colton, and beyond.

The Northside Village Center, at the northeast corner of Main Street and Columbia Avenue, on a portion of the site of the former Riverside Golf Club, will serve as the key hub for the Northside Neighborhood. To help support the growth of local retail stores, the Northside Village Center will include a mixture of new residential units, including apartments, townhomes, and office space for local businesses.

### *Ab Brown Sports Complex*

Riverside Public Utilities (RPU) assumed control of this property to secure local water rights and to enable the development of future water resources. There are three existing and active potable water wells, and one water treatment and chlorination facility in this area. There is also a plan for one future potable water well within this area. Water facility easements will need to be retained by the City for continued and future use of these facilities prior to any sale of the property. This site is approximately 56 acres and is 100% controlled by Riverside Public Utilities. Any sales proceeds would go to an RPU Enterprise Fund. The NSP rezoned the entire site as Open Space, Parks & Trails (OS). The NSP envisions the revitalization of Ab Brown Sports Complex as a key area facility that will draw participants from throughout the region that could include a privately owned sports/soccer complex linked to Reid Park (it should be noted, that the sports/soccer complex could alternatively be developed on a portion of the open space planned for the former Riverside Golf Club), public open spaces, the Springbrook Arroyo trail, and surrounding housing. Competitive cross-country running facilities will be integrated into the Northside Neighborhood trail system, linking the Northside Village Center to the Ab Brown Sports Complex.

American Youth Soccer Organization – Region 47 (AYSO) have used the Ab Brown site since approximately 1985. AYSO and the City’s Parks, Recreation and Community Services Department have developed the property with soccer fields, parking lots, and concession buildings. AYSO provided maintenance of the facilities, including watering, mowing, weed control, graffiti abatement, and security. Due to declining membership enrollment, AYSO let its lease expire on June 30, 2020.

### *Pellissier Ranch*

This site, approximately 227 acres that is 100% controlled by Riverside Public Utilities, is located in the City of Colton in San Bernardino County. Any sales proceeds would go to an RPU Enterprise Fund.

The City acquired Pellissier Ranch from Ernest & Ethel Pellissier and Florence (Pellissier) Radney on December 17, 1956 to secure local water rights and resources for the Riverside Public Utilities Water Fund.

On December 6, 2005, City Council adopted Resolution No. 21080 allowing Riverside Public Utilities to transfer 190 acres of Pellissier Ranch for \$8,008,000.00 from the Water Utility Fund to the General Fund to facilitate development of the property in conjunction with the city of Colton. As a result of the economic downturn, it was determined that the development of the property was not feasible and it reverted back to the Riverside Public Utilities Water Fund on June 16, 2009 (Resolution No. 21849) for \$9,258,818.19 (funded by the Riverside Public Utilities Electric Fund), to be retained for a future water treatment facility and potential water well developments. There are four monitoring wells within this area that are used for sampling and monitoring of groundwater levels. Water facility easements will need to be retained by the City for continued monitoring of these well sites.

On July 22, 1994, the City granted a license agreement to W.M.B. Transport, Inc. for vehicular parking and access for a fenced area of the southerly portion of the site. The License agreement can be terminated by either party by providing 90 days written notice to the other party. On the same date, an easement was also granted to Walter Max Binswanger et. al. for ingress, egress and parking in the same general location.

On January 13, 2020, the Board of Public Utilities unanimously recommended that the City Council approve a five-year License Agreement with Citicasters Company for use of ten acres of Pellissier Ranch. Citicasters Company have operated a broadcasting tower/facility for Radio Station KDIF since August 11, 1998 when the lease was assigned to them from Hispanic Radio Broadcasters. Prior to the assignment, Hispanic Radio Broadcasters had operated the radio tower for four years. City Council approved the license agreement with Citicasters Company on February 4, 2020 and it is due to expire on November 30, 2024. The City has the ability to terminate the agreement for any reason by providing at least one year's advance written notice to Citicasters Company.

The NSP recommended rezoning approximately 31 acres of the westerly portion of the site to High Density Residential (HDR), approximately 152 acres of the easterly portion of the site to Industrial Research Park (IRP), approximately 91 acres to Light Industrial, and approximately 3 acres of the far northern portion to Outdoor Commercial Recreation (OCR). However, the City of Colton has not adopted the NSP to date. As such, Pellissier Ranch is currently zoned M-1 Light Industrial which allows for a variety of office, industrial and service uses. As part of the RFP being prepared, any Master Developer chosen would have to coordinate the entitlement approvals needed from the City of Colton for Pellissier Ranch to ensure the vision identified in the NSP is realized.

### Reasons why Properties Should be Declared as Exempt Surplus

Both the Water and Electric Utilities have reviewed the properties and have determined, with the exception of the water wells and piping currently located on the properties and for which easements are being reserved, the properties are surplus to the current needs of each utility. Further:

1. Current cost to maintain all three properties is over \$230,000 per year.
2. Current return on investment for Pellissier Ranch is approximately \$33,000 annually, the current license agreement with Citicasters expires in 2024. Ab Brown and Riverside Golf Course do not currently have active license or operating lease agreements.
3. RPU delivers electricity to customers through distribution and transmission facilities. These facilities represent long-term capital investment whose dollars are spread amongst all customers and recovered over periods in the range of 20 to 30 years. Energy is produced and/or obtained from generation facilities through long-term contracts to meet base load needs, with cyclical and peaking needs obtained through short-term contracts, internal generation or on the open market. The purchases through short-term contracts and the open market represent the marginal cost of power for increased load requirements. RPU has a number of fixed costs which must be paid regardless of customer demand or load. Additional revenue generated by expanded load (new customers) from proposed development will reduce the costs to existing customers, as the fixed costs will be allocated over a larger group of customers.



### Should Certain Portions of the Land be Retained for Solar Power Generation?

At the March 18, 2021 Economic Development, Placemaking, Branding/Marketing Committee meeting, direction was provided to staff to research the possibility of solar generation at some of these sites. Solar installation can be an option to include as part of any proposed residential development or low rise commercial or industrial. Mixing solar throughout the proposed project or designating a small portion of the site may add to the complexity of the project as well as potentially add time to planning for the site uses, but could contribute to the overall project being greener and less impactful to the environment, which would likely be seen as a benefit for the project to the community. A declaration that the property is surplus does not foreclose these options and these options can be included in Request for Proposals for a Master Developer.

### Need to Retain Certain Portions of Land or Easements for Water Wells and Piping

1. The Ab Brown property currently has three active water wells that serve the City's potable water demands, along with a treatment and chlorination facility. There is a plan to develop a new water well soon within the southwesterly portion of the Ab Brown property. This new well will replace the recently abandoned Russell C well that was located just north of the Ab Brown Complex. The former Riverside Golf Course property has two active water wells that serve the City's potable water demands. All of these active wells have related underground piping network connecting them to the water distribution system. The Pellissier Ranch property has four monitoring wells that are regularly checked for groundwater levels. All of these active, future, and monitoring wells will require retainment of adequate easements for ingress/egress to the site, space for required maintenance, and potential future replacement of existing wells. Also, all associated underground piping from these wells will require adequate easements above them for future maintenance purposes.
2. The specific purpose and use of the easements mentioned above would need to be clearly defined (for example "the ability to access, construct, maintain and repair all water facilities, appurtenances, and piping"). The meets and bounds of the easements would need to be clearly defined upon surveyed plat maps. These items would be provided to the Master Developer to be incorporated into their RFP which will ultimately be recorded with the land upon sale or development.

### Master Developer

Over the past several years, the City and RPU have received interest in the properties owned by the City. It included calls, emails and unsolicited proposals that included portions of the properties for homeless cabin communities, high density housing projects, solar/battery storage, leasing for soccer sport programs, industrial and warehouse developments. These opportunities came in on an ad hoc basis and were not coordinated in a way the City can leverage the value of the development for the public improvements needed to support them.

Residents recognize these properties are an opportunity to define the future of the Northside Neighborhood and promote investment on nearby properties. Residential, commercial, employment and agriculture will be linked together through safe streets, connected trails, greenbelts, and bicycle corridors and result in a unique community in Riverside, Colton, and County of Riverside. The NSP identifies ways to provide recreation and open space for the Northside Neighborhood and region.

Collectively, the three City owned sites total approximately 412 acres and should be considered as one single development opportunity. For large development opportunities, the master developer approach has become more common with larger, more-urban infill sites, as well as sections of communities.

## What is a Master Developer?

### A Master Developer IS:

- A team that has dealt with all aspects of large-scale development.
- A partner that will work with the City and the community; and
- An entity that will bring resources, planning, development, and finance to create a detailed community-driven plan to facilitate and implement projects.

### A Master Developer IS NOT:

- A builder or contractor that will bring all of their own resources at the expense of local contractors and builders;
- A single person – no one person has the experience or knowledge on his/her own; and
- Going to dictate the process – the community will always be in charge of its future.

At a minimum, public streetscape/road improvements, sidewalk, curb/gutter, sewer, and storm drainage infrastructure improvements will be needed to facilitate the private development envisioned in the NSP. It is highly likely that any future development may require the relocation of existing Riverside Public Utilities water wells which is anticipated to be borne by the Master Developer. To leverage City assets, staff recommends that the City issue a Master Developer RFP for all three of the sites as a single development opportunity to achieve the vision detailed in the NSP. The Master Developer, once selected, is anticipated to be a firm that has a strong history of developing large scale projects, an entity that will bring resources in planning, development, finance and public-private partnerships to create a detailed plan to facilitate the vision, and a firm that will have a contractual agreement with the City that will be performance based with guarantees to protect the community.

### Next Steps

Staff has identified the following critical steps in this process:

- With the help of a consultant, identify the “public” infrastructure and costs needed to facilitate the development of the NSP vision for the subject properties.
- Determine if the properties are to be declared as “exempt surplus” or “surplus” and make required findings.
  - Pathway No. 1 (Declare Exempt Surplus) If the subject properties have been declared as “exempt surplus” by adoption of a resolution by City Council, then staff will issue a Master Developer RFP along with notifying a list of required California Housing Financial Agency Certified (CalHFA) affordable housing developers that are registered with the State’s Housing and Community Development (HCD). Any proposal must include a mixed-use development with a minimum of 300 residential units with 25% being restricted to “low income” affordable housing levels. **RECOMMENDED OPTION**

OR

- Pathway No. 2 (Declare Surplus)
  - If the subject properties are declared as “surplus” by adoption of a resolution by City Council, then pursuant to Assembly Bill 1486, staff must first notify required public agencies and CalHFA affordable housing developers, from a list provided by HCD, with a 60-day advance opportunity to buy the subject properties for the development of affordable housing with a minimum of 25% of all residential units being restricted to “low income” affordable housing levels.
  - If responses are received during the 60-day first offering period, then a minimum of 90-

days must be allowed for negotiations pursuant to Government Code Section 54223. A written summary of the responses and negotiations must then be provided to HCD who has 30-days to respond before the City can proceed with a development proposal.

- If there are no responses at the conclusion of the 60-day advance opportunity period, staff will notify HCD who has 30-days to respond. It is important to note that if more than ten residential units are developed, then 15% of all residential units need to be restricted to “low-moderate” income affordable housing levels for any future development.
- Upon confirmation from HCD, staff will issue a Master Developer RFP. Given the size/scope of the vision for the subject properties, staff envisions a deadline to respond of 90 days.

**FISCAL IMPACT:**

The sale of the Ab Brown Sports Complex and Pellissier Ranch properties could generate significant revenue to Riverside Public Utilities with 100% of the sale proceeds being deposited into Riverside Public Utilities Enterprise Fund(s). The sale of the former Riverside Golf Club site could generate significant revenue to the General Fund with 54% of the sale proceeds being deposited into the General Fund and 46% of the sale proceeds being deposited into an RPU Enterprise Fund account.

Prepared by: David Welch, Community & Economic Development Director  
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Approved by: Al Zelinka, FAICP, City Manager  
Approved as to form: Kristi J. Smith, Interim City Attorney

Certifies availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Attachment: Presentation